

Message Text

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ACTION EA-12

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 7467

INFO AMEMBASSY SEOUL

AMCONSUL HONG KONG

USLO PEKING

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E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: THE ROC ECONOMY IN 1978

1. DIRECTORATE-GENERAL OF BUDGETS, ACCOUNTING AND STATISTICS (DGBAS) HAS COMPILED AND MADE AVAILABLE TO EMBASSY PRELIMINARY STATISTICS FOR THE FIRST QUARTER OF 1978, AND PROJECTIONS FOR THE SECOND QUARTER. ACCORDING TO THESE STATISTICS, THE GNP GREW BY 10.2 PERCENT IN REAL TERMS IN THE FIRST QUARTER, IN COMPARISON WITH THE FIRST QUARTER OF 1977. DGBAS PREDICTS THAT THE REAL GROWTH RATE IN THE SECOND QUARTER WILL ALSO BE ABOUT 10 PERCENT. TRANSLATIONS OF THE NATIONAL ACCOUNTS TABLES DESCRIBED BELOW ARE BEING POUCHED TO THE DEPARTMENT.

2. NATIONAL ACCOUNTS--EXPENDITURE APPROACH.FIXED CAPITAL FORMATION IN THE PUBLIC SECTOR DECLINED BY 13.3 PERCENT IN REAL TERMS IN THE FIRST QUARTER THIS YEAR, COMPARED WITH THE SAME PERIOD LAST YEAR, AND IS PROJECTED TO DECLINE BY 9 PERCENT IN THE SECOND QUARTER OF 1978. HOWEVER, THE SURGE IN EXPORTS (TAIPEI 2887) HAS SPURRED UNCLASSIFIED

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INVESTMENT ACTIVITY IN THE PRIVATE SECTOR, WHERE FIXED CAPITAL FORMATION INCREASED BY 22.78 PERCENT IN THE FIRST QUARTER AND IS EXPECTED TO INCREASE AT THE SAME RATE IN THE SECOND QUARTER. EXPORTS OF GOODS AND SERVICES FOR THE FIRST QUARTER EXPANDED BY 20.15 PERCENT (TO US DOLLARS 2.8 BILLION) AND 21.11 PERCENT (TO US DOLLARS 2.5 BILLION) RESPECTIVELY, IN CURRENT PRICES, RESULTING IN A TRADE

SURPLUS OF US DOLLARS 260 MILLION.
FOR THE SECOND QUARTER, THE DGBAS ESTIMATES THAT EXPORTS
WILL INCREASE BY 21 PERCENT TO US DOLLARS 3.1 BILLION,
WITH IMPORTS RISING 16 PERCENT TO US DOLLARS 2.8 BILLION.

3. NATIONAL ACCOUNTS--PRODUCT APPROACH. INDUSTRIAL
PRODUCTION ACCOUNTED FOR 45.25 PERCENT OF THE GROSS
DOMESTIC PRODUCT (GDP) IN THE FIRST QUARTER OF 1978, UP
SLIGHTLY FROM 44.48 PERCENT IN THE SAME PERIOD LAST YEAR.
THE OUTPUT OF THE MANUFACTURING SECTOR INCREASED BY 15.3
PERCENT, IN REAL TERMS. GROWTH RATES FOR OTHER INDUSTRIAL
SECTORS WERE AS FOLLOWS: CONSTRUCTION, 12.36 PERCENT;
UTILITIES, 9.05 PERCENT; AND MINING, 8.16 PERCENT. THE
AGRICULTURAL SECTOR'S SHARE OF THE GDP DECLINED FROM 11.58
PERCENT TO 10.86 PERCENT OF THE GDP. AGRICULTURAL OUTPUT
INCREASED BY 1.18 PERCENT IN REAL TERMS IN THE FIRST
QUARTER. UNGER

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